

# INSIGHTS

## JULY 2025



### Message from the Trustee

This edition tells you what you need to know about:

- the benefit payment processing freeze that will be briefly imposed in mid-August while we determine final year-end earnings rates, and
- the 2025 Budget announcements on KiwiSaver and complying funds.

We also include an update on the member-elected Trustee Director election, Mercer's latest 'periodic table' of investment returns, and the latest market commentary and investment returns information.

If you have any questions or need assistance, please don't hesitate to reach out to us at [nzasrf@mercerc.com](mailto:nzasrf@mercerc.com), or give our Helpline a call on **0508 266 787** (or +61 3 8306 0964 if calling from overseas).

Regards,

*NZAS Retirement Fund Trustee Board*



### Benefit payment processing freeze

Part of the annual review process following each 30 June Fund year-end is the calculation and allocation of final year-end earnings rates. To enable this annual activity, the Trustee briefly suspends the processing of payment benefits (though any urgently required payments can still be processed in exceptional circumstances). The purpose of this suspension is to ensure that the correct account balances are used for earnings allocation purposes.

This year, the Trustee intends that the benefit payments suspension period will be 11 to 15 August (or a shorter period if practicable).

To ensure that any near-term payment or withdrawal requests can be processed without being delayed by the required suspension, please make sure to email them to the Fund administrator at [nzasrf@mercerc.com](mailto:nzasrf@mercerc.com) at least 10 working days before 11 August, to allow sufficient time to process your request.

### Member-elected Trustee Director election

The Fund is managed by a Trustee Board consisting of eight Trustee Directors. Four are elected by the members, and four are appointed by the company. The latest three-year term of office of the four current member-elected Trustee Directors ceases on 31 October 2025.

The nomination period for the member-elected Trustee Director election closed on Friday 25 July 2025. Thank you to everyone who participated in this stage of the election process.

During the nomination stage, we received 5 valid nominations, and it's pleasing to see such a great response from our members. Voting information will be posted or emailed (depending on your communication preference). See below the key dates to be aware of:



#### Voting period

15 August to  
12 September 2025



#### Results announced

26 September 2025



#### Successful candidates take office

1 November 2025



## New Zealand Budget 2025 – what you need to know

### Increased KiwiSaver employee and employer contribution rates

In the May 2025 Budget, the Government announced pending increases to the default employee and employer contribution rates for KiwiSaver. On 1 April 2026, each contribution rate will increase from 3% to 3.5% of salary, and on 1 April 2028 each rate will increase again, to 4% of salary.

KiwiSaver members will be permitted though to reduce their contribution rates to 3% for up to 12 months (and to apply for another temporary rate reduction when that period ends). They will also still be permitted to take (and annually renew) KiwiSaver savings suspensions.

Currently, the rates of locked-in contributions to the Fund where an employee elects (or is required) to lock in contributions are the first 3% of their own contributions and the first 3% of NZAS' before-tax contributions. The Fund's legal adviser is working with industry stakeholders to clarify the post-March 2026 rules regarding minimum locked-in contribution rates, and we will update you as more information becomes available.

By joining the Fund, employees agree that all compulsory employer contributions payable under the KiwiSaver legislation will be paid to the Fund (on a locked-in basis) and not to KiwiSaver.

### Changes to Government contributions

The Government contribution is a contribution to your KiwiSaver account (or to your locked-in account in the Fund) from the Government. If you are eligible (you must be aged below 65, and income testing now applies – you must have had taxable income of \$180,000 or less in the most recent tax year) then, for every dollar you contribute to your KiwiSaver or locked-in account up to \$1,042.86 a year, the Government will make a contribution.



The rate at which each \$1 of those KiwiSaver or locked-in contributions is matched by a Government contribution has halved effective 1 July 2025 from 50 cents to 25 cents, and the maximum annual Government contribution has also halved, to \$260.72 a year (which equals \$5 a week).

As was already the case, if you contribute to KiwiSaver as well as the Fund then any Government contributions will be paid either to the Fund or (if it claims them first) to your KiwiSaver scheme – i.e. only one scheme will receive them.

## Mercer's 'periodic table' of investment returns

In 2025, market volatility has become a defining characteristic of the investment landscape, leaving many investors feeling uncertain about their retirement savings strategies. However, it's essential to remember that a long-term approach can provide stability and growth, even amidst short-term fluctuations.

**Mercer's 'periodic table' of investment returns** serves as a valuable tool, illustrating the myriad outcomes generated by markets over time and emphasising the importance of diversification. Produced each year, the table colour-codes 16 major asset classes and ranks their performance on an annual basis over the last 10 years. By understanding that investments in particular asset classes tend to average out in the long run, investors can make informed decisions that align with their retirement goals.

[View the table](#)



## Financial advice

We all want to get the best out of our savings and to ensure we make properly informed decisions. Seeking professional financial advice can play a crucial role in helping you navigate your options and make sound decisions for your future.

However, there is also a range of free online tools available. For example:

- Te Ara Ahunga Ora Retirement Commission's **sorted** website has a range of tools and calculators designed to support your money confidence and financial well-being – you can explore resources covering areas such as budgeting, investing, saving, debt management and retirement planning, and
- the Financial Services Council's **Retirement Planning Guide** includes an overview of retirement planning, some guidance on using the **sorted** calculators and tools and a summary of some helpful 'rules of thumb' developed by the New Zealand Society of Actuaries for managing savings during retirement.

The Fund's 'Financial advice' webpage at [nzasretirementfund.com/financial-advice](https://nzasretirementfund.com/financial-advice) has links to these and other helpful resources, including the Financial Markets Authority's **Getting advice** webpage, which talks you through how to find and work with an adviser and what to do if you have problems.

## Market update

### For period 1 March to 31 May 2025

In March, global equity markets experienced continued turbulence due to rising US tariff concerns as President Trump's 'Liberation Day' (2 April) approached, raising inflation fears and impacting global growth. US technology stocks, especially the 'Magnificent 7', underperformed and lost some of their earlier gains from 2024. In the US market, the MSCI US dropped by 5.9% for the month, while the MSCI World Index fell by 5.0%. In contrast, New Zealand equities only declined by 2.4% in March, as the local economy showed signs of recovery, with 0.7% GDP growth in Q4 2024 despite disappointing unemployment and wage growth. Bonds offered some stability, with the Bloomberg Global Aggregate Bond Index down just 0.5% in March and New Zealand bonds slightly in the black, returning +0.1%. However, concerns about the reliability of US treasuries as a safe haven emerged amid pending trade announcements.

April brought significant ongoing market volatility, mainly due to rising trade tensions between the US and China. President Trump's proposed tariffs led to a sharp sell-off in global equities. However, as trade negotiations progressed and some proposed tariffs were rolled back, markets began to recover, with the MSCI Index recovering most of its losses and ending down 0.4% for the month. The Australian equity market remained resilient, returning +3.6% for the month, though New Zealand faced ongoing domestic economic concerns and the NZX50 was down by 3.0% for the month. The Bloomberg Global Aggregate Bond Index returned +0.9% for the month, as yields which had initially spiked due to inflation concerns later stabilised with the Federal Reserve maintaining a cautious approach. The Bloomberg NZ Bond Index gained +1.1% for the month, following a 25 basis point rate cut by the Reserve Bank of New Zealand to 3.50% to support economic growth, which boosted investor confidence in government bonds. In real assets, global listed property fell 0.4%, while global listed infrastructure rose +0.2%. Gold prices continued to climb as investors sought safe-haven assets.

Global equities continued their late-April rally in May, with the MSCI World Index returning +5.9%. This strong performance was driven by easing trade tensions between the US and China following a 90-day tariff pause, with the technology sector contributing significantly due to strong earnings announcements. Emerging markets also rallied, benefiting from a softer US dollar. Australian and New Zealand equities performed well, returning +4.2% (ASX200) and +4.3% (NZX50) respectively, supported by easing global trade tensions, a weaker US dollar and interest rate cuts from their central banks. The Bloomberg Global Aggregate Bond Index finished the month down 0.4%, with the NZ bond market also down 0.4% as yields on longer-dated maturities rose alongside the global bond market.

## Investment returns

The following table shows investment returns (after tax and investment-related costs) for each of the Fund's four investment options for the stated periods, each ended 30 June 2025\*.

	Cash	Conservative	Balanced	Growth
<b>Fund year to date (12 months)</b>	3.34%	6.60%	9.36%	11.98%
<b>3 years (p.a.)</b>	3.8%	5.0%	6.6%	8.5%
<b>5 years (p.a.)</b>	2.4%	3.2%	5.0%	7.1%
<b>10 years (p.a.)</b>	2.0%	3.8%	5.5%	7.4%

You can find the **latest earning rates** and general information about **how financial markets are performing** on the Fund website.

\*The returns listed in the table above are provisional and will be finalised once the financial accounts for the year ending 30 June 2025 are completed.



## Are your contact details correct?

We are currently preparing your Annual Confirmation and the Fund's Annual Report for the year ended 30 June 2025, and these will be sent to you by the end of September 2025. Take a moment now to log in at [www.nzasretirementfund.com](http://www.nzasretirementfund.com) and check that your contact details are correct so there is no delay receiving these important documents.



## Reminder to watch Investment Insights videos

In the second quarter of 2025, ongoing trade tensions, particularly between the U.S. and China, created uncertainty in the global economy, leading to volatility in financial markets.

Alex Qi, Assistant Portfolio Manager, shares insights from Mercer's global network of investment experts, covering:

- how the market performed in the second quarter of 2025
- the conflict between Israel and Iran and its impact on commodity markets, and
- key trends investors should keep in mind for the upcoming months.

[Investment Insights Videos](#)

## Your Trustee Directors

You're welcome to contact any of your Trustee Directors if you have any questions about the Fund. Their details are [online](#) or you can call them on their direct lines:

### Site-Based Trustee Directors

Paula 03 218 5571

Andrew 03 218 5989

Karen 03 218 5689

### Offsite Trustee Directors

Tim 027 453 5565

Kyle +61 (0) 477 362 101

Bruce 027 284 0481

Allan 027 216 7312

Grant 022 071 3117

**Any questions about the Fund?** You can contact the Helpline on **0508 266 787** (Australia 03 8306 0964, and international +61 3 8306 0964) between 9am and 7pm Monday to Friday, except for national public holidays.

General disclaimer: Information in this newsletter is not intended to be financial advice or to take the place of a financial adviser. The information in this newsletter is for general information only, and has been prepared on behalf of NZAS Retirement Fund Trustee Limited (the issuer of the Fund) without taking account of your personal objectives, circumstances or needs. More information about the Fund can be found in the Fund's most recent **Product Disclosure Statement**, a copy of which is available at [www.nzasretirementfund.com](http://www.nzasretirementfund.com). Past performance cannot be relied upon as a guide for future performance.

© 2025 Mercer (N.Z.) Limited.